Q3 2026

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Self Storage Supply Forecast Update

For the Q3 2026 update, the self storage supply forecast is largely unchanged. Minor changes relative to last quarter's forecast reflect updates to the development pipeline data Yardi Matrix maintains, rather than a material change in the forecast outlook. The supply forecast continues to foresee a decline in new self storage supply to roughly 39.18 million NRSF by 2028.

Self Storage New Supply Forecast, Q3 2026 vs. Q2 2026

Year	Q3 2026	Q2 2026	% Chg
2026	52,928,522	52,880,850	0.1%
2027	45,248,173	45,037,343	0.5%
2028	39,184,714	38,619,606	1.5%
2029	39,050,498	39,046,143	0.0%
2030	39,715,924	39,619,632	0.2%
2031	40,662,074	40,033,835	1.6%

Source: Yardi Matrix

Near-Term Forecast: 2026 Through 2027

National development pipeline and completion data continues to suggest new supply will decline by approximately 18.9% in 2026 compared to 2025. Through the end of Q2 2026, the Yardi Matrix research team had identified 22.27 million NRSF in new supply, which is 27.7% below the level of new supply identified over the same period in 2025. Given year-to-date completion trends, the currently forecast decline for 2026 new supply is looking increasingly likely.

Construction starts are also trending lower. Through mid-year, 15.37 million NRSF in new construction have been identified nationally. This is 19.6% below the level identified during the same period one year ago. Current construction completion times are averaging a little more than 12 months, which means self storage projects breaking ground in 2026 are likely to be completed in 2027. The continued deceleration in construction starts suggests that 2027 new supply will be below 2026 levels.

There are few signs that a meaningful rebound in self storage new-development activity will take hold in the second half of 2026. Despite a seasonal pickup in advertised rental rates during the spring and summer leasing season, year-over-year rate growth remains negative in most markets tracked by Yardi Matrix. Tariffs, the Iran War and the artificial intelligence buildout continue to combine to create elevated inflation pressures, keeping both short- and long-term interest rates elevated.

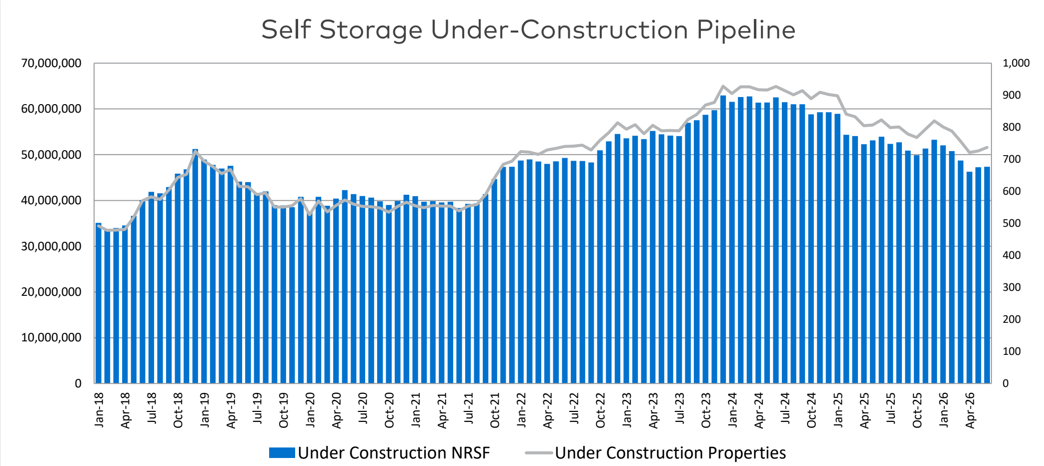
Elevated long-term interest rates continue to suppress valuations and make new development less attractive. Elevated long-term interest rates also increase mortgage rates, suppressing sales activity in single-family home markets, a key driver of self storage demand.

As a result, the Q3 2026 forecast update continues to expect new supply to fall to 52.93 million NRSF for full-year 2026, followed by a further decline in 2027 to 45.25 million NRSF.

Under-Construction Pipeline

For markets covered by Yardi Matrix for at least 24 months, the under-construction pipeline ended Q2 2026 with 47.37 million NRSF. The pipeline expanded modestly to close out year-end 2025, but has since returned to contraction.

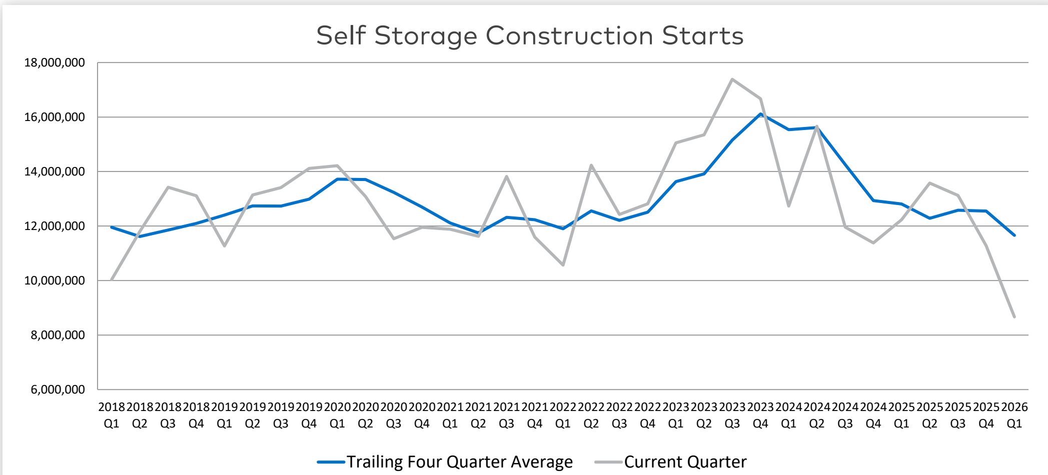
On a quarterly basis the pipeline declined by 2.8%, and on a year-over-year basis the pipeline has fallen by 12.2%. The under-construction pipeline peaked in December 2023 at 62.96 million NRSF. Current levels represent a 25% decline from the peak.



Source: Yardi Matrix

Construction Starts

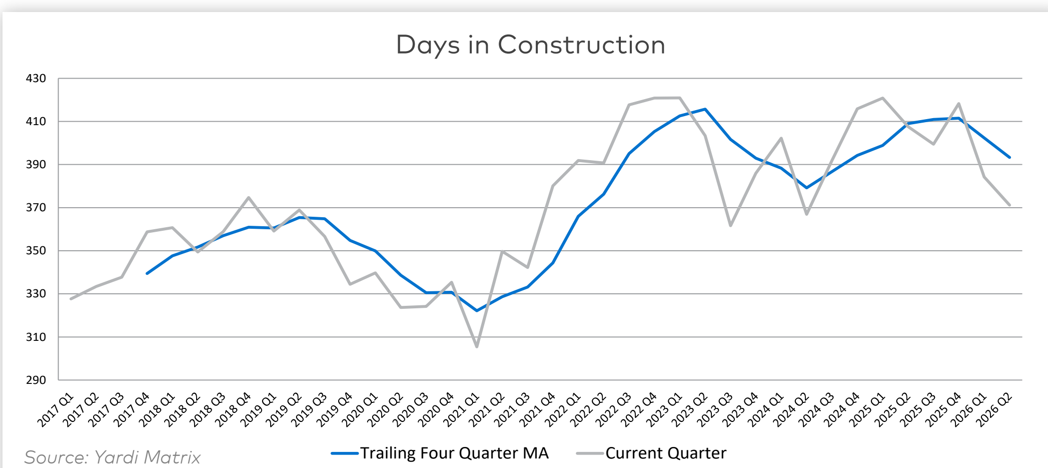
Self storage construction starts continue to decline from the 2023 peak. Q1 2026 construction starts identified by Yardi Matrix currently total 8.67 million NRSF, a level well below the trailing four-quarter average of 11.67 million NRSF. Through the end of Q2 2026, 15.37 million NRSF have been identified. Our construction starts data is collected with a lag, so both the Q1 and mid-year numbers presented here will increase. However, the level of new construction identified through mid-year is 19.6% below the level identified during the same period one year ago.



Source: Yardi Matrix. Chart data reflects self storage markets covered for at least 24 months.

Days in Construction

For properties completed in Q2, days in construction declined to 371 (12.4 months). This is below the trailing four-quarter average of 393 days (13.1 months), but still above pre-pandemic construction completion times that consistently averaged below one year.



Source: Yardi Matrix

Long-Term Forecast: 2028 Through 2031

For the later years, the forecast continues to model new supply falling to approximately 1.7% of existing stock, or roughly 39.0 million NRSF, by 2028. And it shows new supply only increasing to 40.7 million NRSF by 2031.

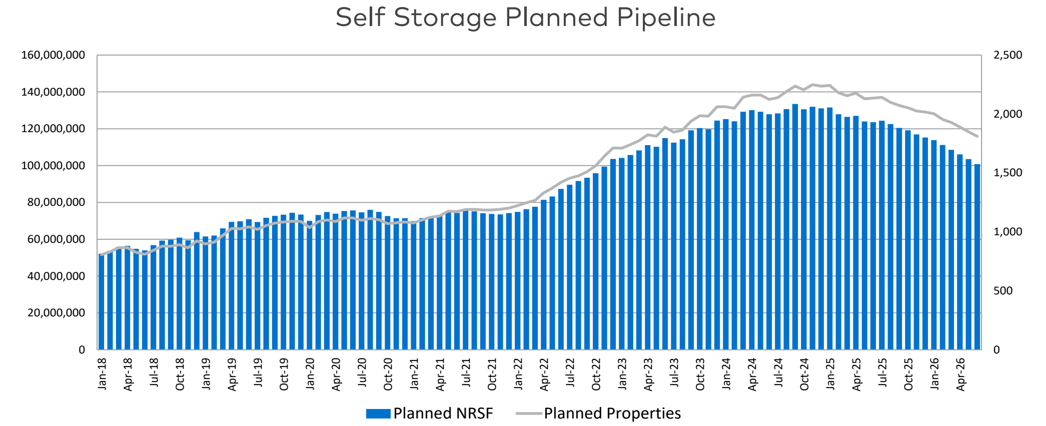
All longer-term aspects of the self storage development pipeline continue to suggest weak new-development enthusiasm. Both the planned and prospective pipelines continue to contract, while the amount of deferred NRSF is still increasing and the monthly number of abandoned projects remains elevated.

The longer-term forecast assumes that continued fiscal deficits will support the broader economy, and therefore a recession is deemed unlikely. However, sizeable deficits will also keep upward pressure on long-term interest rates and home mortgage loans. The former suppresses new-development valuations, while the latter suppresses single-home transaction activity, which in turn reduces longer-term self-storage demand.

New self-storage development will be difficult but not impossible, with new supply in the later years falling well short of what was delivered during the peak of the post-pandemic development cycle.

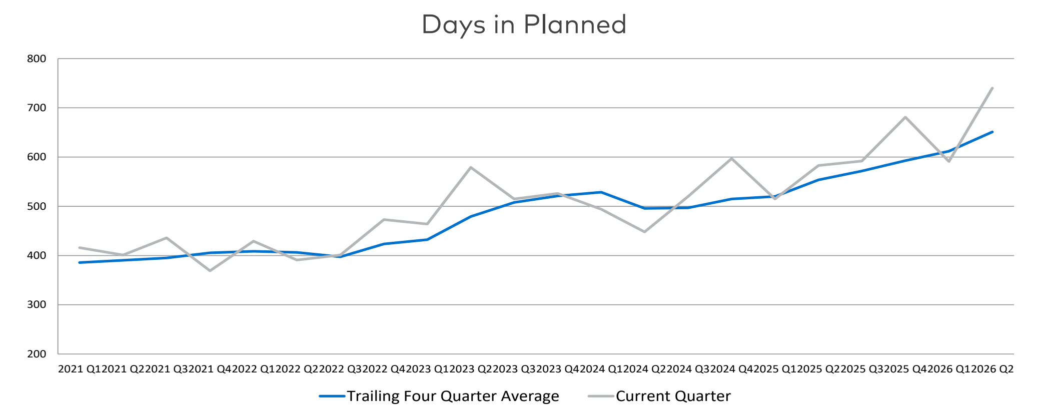
Planned

For markets covered by Yardi Matrix for at least 24 months, the planned pipeline contained 100.76 million NRSF at the end of Q2. The planned pipeline declined 7.2% on a quarterly basis and by 18.5% on a year-over-year basis. Currently, the NRSF in the planned pipeline is 2.12 times the amount of NRSF under construction.



Source: Yardi Matrix. Chart data reflects self storage markets covered for at least 24 months.

Days in planned for self storage projects starting construction in Q2 sharply increased to 740 days (24.7 months). The trailing four-quarter average increased to 651 days (21.7 months). Quarter-to-quarter results for days in planned tend to be quite volatile; however, the more stable trailing four-quarter average has been trending higher since late 2024.

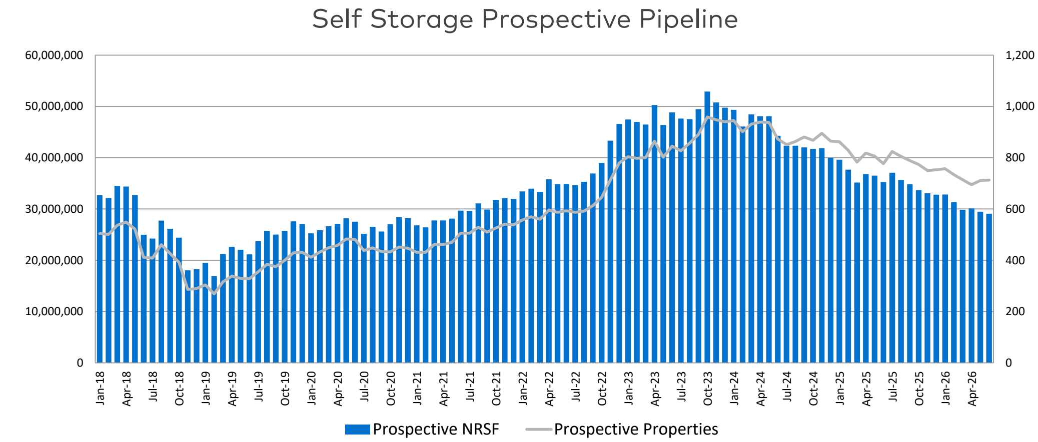


Source: Yardi Matrix

Continued weak advertised rental rate growth and elevated long-term interest rates have made financing new development more difficult. As a result, projects that have secured basic development entitlements are taking longer to get off the ground. Q2 2026 was the second consecutive quarter where over 40% of the projects starting construction spent more than two years in planned status. Prior to 2024, the number of projects spending more than two years in planned status was consistently below 20%.

Prospective

Like the planned pipeline, the prospective pipeline continues to contract. In October 2023, the prospective pipeline reached 52.90 million NRSF. It has since declined by 45%, to 29.08 million NRSF as of the end of Q2 2026. The prospective pipeline declined 2.6% on a quarterly basis and 17.5% on a year-over-year basis.

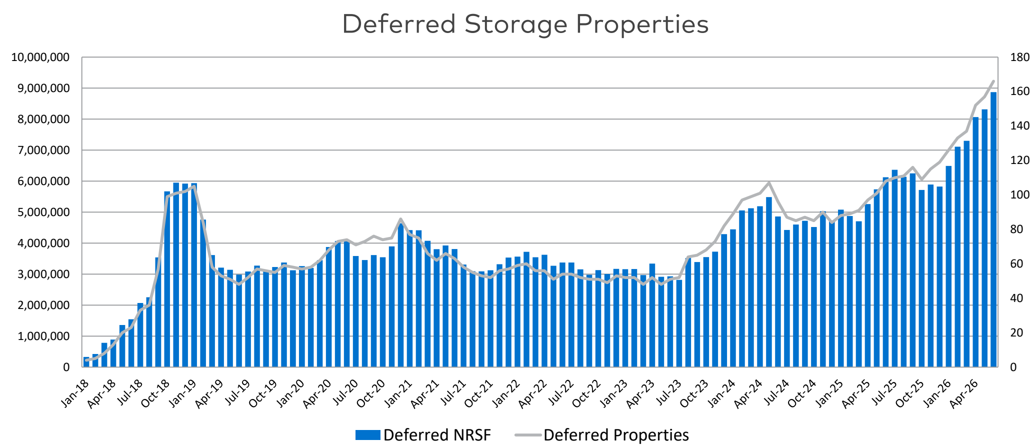


Source: Yardi Matrix. Chart data reflects self storage markets covered for at least 24 months.

Deferred

Development projects categorized as deferred by Yardi Matrix increased sharply in Q2 2026. At mid-year, the deferred pipeline contained 8.87 million NRSF, a 21.5% quarterly increase and a 44.8% increase on a year-over-year basis.

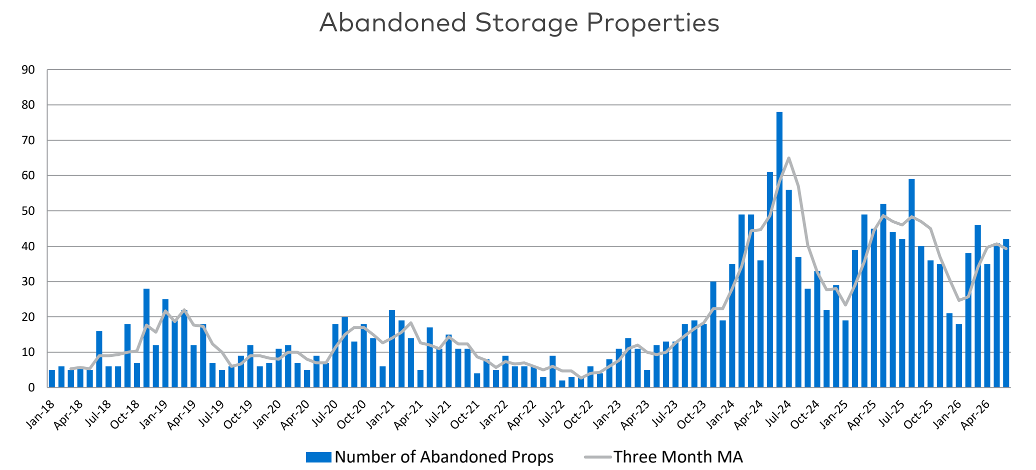
The deferred pipeline bottomed in July 2023 at 2.81 million NRSF and has since tripled in size.



Source: Yardi Matrix. Chart data reflects self storage markets covered for at least 24 months.

Abandoned

In the month of June, 42 self storage properties were categorized as abandoned, slightly above the trailing three month average of 39 properties. The monthly number of abandoned storage properties in 2026 is running slightly below the seasonal peaks recorded in 2024 and 2025, but remains at an elevated level. The monthly number of abandoned storage properties bottomed out in late 2022 at under three properties per month.



Source: Yardi Matrix

Bottom Line

The Q3 forecast update is relatively unchanged compared to the Q2 forecast with new supply forecasted to decline to 1.7% of existing stock by 2028 and increasingly only marginally increasing above this level by 2031.

Both near- and long-term development pipeline data continue to suggest self storage development interest has substantially declined. Year-to-date completions are running below 2025's pace suggesting 2026 new supply will fall 18.9% from 2025's level to 52.9 million NRSF. Year-to-date construction starts are also running below 2025's level, suggesting 2027 new supply will fall a further 14.5% to 45.2 million NRSF.

Persistently high interest rates and weak advertised rental rate growth combines to make new development difficult to justify financially. Continued declines in both the planned and prospective pipelines, a continued increase in the deferred pipeline, and persistently elevated levels of abandoned projects confirm a difficult new development environment. The forecast therefore has new supply bottoming in 2028 at 39.2 million NRSF or 1.76% of stock.

The forecast assumes that the new development environment remains difficult but not impossible over the remaining years of the forecast with a modest rebound in new supply to 40.7 million NRSF by 2031.

As always, Yardi matrix is extremely focused on accurately maintaining our development pipeline data and identifying any changes in self storage development activity.

—Ben Bruckner, Senior Research Analyst
